Boom, Bust, and Beyond

New Perspectives on the 1720 Stock Market Bubble

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Linen and Lotteries: The Anatomy of an English Bubble Company in Germany

In the spring of 1718, administrators in the northwest German principality of Braunschweig were invited to consider two projects which promised to open up new financial and commercial horizons. One was a scheme for a manufacturing and trading company, and the other was a lottery, which rapidly developed into a proposal for a joint-stock bank. Both projects originated in England, and their proposers were implicated in various ways in the operations of London joint-stock enterprises, including the South Sea Company. I characterize them, not uncontroversially, as bubble companies, in the sense that their existence, and the seriousness with which they were taken in Braunschweig, reflected the search for new outlets for capital, the curiosity about the technology of joint-stock operations and the market in stocks and shares (*Actienhandel* in German), and the enthusiasm for new projects that characterized the boom around 1720.[1] This is irrespective of whether either of the projects described here was fraudulent; the lottery-and-bank project clearly was, while the partners in the

Elements of this study have been presented at seminars and conferences in Bern, London and Tübingen, and at annual meetings of the German History Society, the British Society for Eighteenth-Century Studies and the Social History Society. I am grateful to the participants in those meetings and to the editors of the present volume for their comments and suggestions. The research for the study was supported by a fellowship from the Herzog-August Bibliothek, Wolfenbüttel in 2013, and I acknowledge the continuing support of the HAB staff as well as the Director and staff of the Niedersächsisches Landesarchiv Wolfenbüttel. The writing of the chapter was completed during a period of residence at Sogang University, Seoul, as Humanities Korea+ Visiting Research Professor at the Critical Global Studies Institute. That work was supported the National Research Foundation of Korea Grant funded by the Korean Government (NRF-2017S1 A6 A3 A01079727).

1 Contemporary economists use the term 'bubble company' to denote an enterprise which is deliberately overvalued for the purposes of stimulating speculative trading. In the context of 1720, 'bubble', though generally used in a satirical or pejorative sense, covered the imaginative and projecting character of the new enterprises without necessarily implying that they were fraudulent. Rik Frehen, William N. Goetzmann, and K. Geert Rouwenhorst similarly argue that new companies offering opportunities for investment in a range of projects (they emphasise colonial trade and insurance) were an integral part of the boom and point out that the Bubble Act of 1720 led English investors, in particular, to seek new ways of deploying their capital abroad: "Finance in the Great Mirror of Folly," in *The Great Mirror of Folly: Finance, Culture and the Crash of 1720*, ed. William N. Goetzmann et al. (New Haven and London: Yale University Press, 2013), 63–87.

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manufacturing and trading company gave every appearance of intending to see material returns on their investment.

Stefano Condorelli pointed out in 2015 that the financial and psychological overspill from the bubbles in Paris and London left its traces all over continental Europe; his survey of joint-stock enterprises with an "effective and open secondary market in shares" created in the wake of the boom identifies 78 such enterprises – banks, insurances, manufacturing and trading companies – in 23 political units outside of Britain, France and the United Netherlands – extending from Sweden to Sicily and from Russia to Portugal. He also argues that we should not see in this phenomenon evidence for the globalization of folly or fraud. I share his premise that "actors' intentions are no less significant than their achievements" – even failures (as most of these enterprises were) are interesting and, on inspection, may appear as serious experiments in exploiting the possibilities of innovation – exuberant, to be sure, but rational too.[2]

One of Condorelli's key findings is expressed in his identification of a "two-speed Europe" – two-speed in terms not only of non-synchronous industrial and commercial development but also of knowledge of financial technologies and the capacity of legal and political structures to accommodate new practices. The Braunschweig episode provides an excellent example of a "two-speed Europe", but it particularly allows us to observe the gears at work. In the exchanges between English and German actors over questions of process and principle that accompanied the initiation, implementation and collapse of the two projects, it is possible (to use another metaphor) to identify blockages in the flows of both knowledge and trust of the kind that are central to the transfer of technology (including new financial practices). The nature of the Braunschweig case and of the sources it generated thus invite a micro-historical approach to the global crisis of 1720. If, as Emma Rothschild argued in 1998, "a 'microhistory' of economic transformation [...] can [...] be seen as a source of opportunity for economic history", then "transformations" that were uneven, asynchronous or less than transformative call at least as urgently for close reading.[3]

2 Stefano Condorelli, *The 1719–20 Stock Euphoria: A Pan-European Perspective, MPRA Paper* (2014).

3 Emma Rothschild, "An Alarming Commercial Crisis in Eighteenth-Century Angoulême: Sentiments in Economic History," *Economic History Review* 51 (1998): 268–293, here 286. Rothschild cites Carlo Ginzburg and Carlo Poni's foundational text of 1979, published in English as "The Name and the Game: Unequal Exchange and the Historiographic Marketplace," in *Microhistory and the Lost Peoples of Europe*, ed. Edward Muir and Guido Ruggiero (Baltimore and London: Johns Hopkins University Press, 1991), 1–10.

The textual evidence for German responses to 1720 – periodical and pamphlet literature and ephemera of various kinds – provides evidence of a patchwork of knowingness and innocence, traditionalism and willingness to experiment, which shows us that Germans of the early eighteenth century were no less open-minded and adventurous in their view of the globalizing world than other Europeans. By the same token, though, they opened themselves to catastrophic disappointment. For at least three generations after the crash, 'Mississippi' would be a metaphor for flawed and foolish projects in the German lands and *Actienhandel* formally defined as a fraudulent activity.[4] The record of these particular bubble projects exposes how the mental machinery of that combination of enthusiasm for modernity and vulnerability of imagination operated in the conjuncture of 1720.

At the same time, the sources in this case allow us unusual access to material aspects of the 1720 conjuncture. In particular, it is possible to follow the movements of key actors, the ways in which they were networked, and their possible interests and motivations. In spite of what we know about the rapid circulation of print information and ideas, particularly in the boom years,[5] it is clear that individuals were crucially important to the transfer of information, and particularly of practical knowledge, across political borders as well as between town and country and the different regions within them. This is the case not least because physical travel to and presence in key spaces was so often essential to taking advantage of market opportunities, as visualized in images not only of the Rue Quincampoix and Exchange Alley or of the Café Quincampoix in Amsterdam but also (if less frequently) of rural roads crowded with hopeful investors travelling to Paris (see image 1).

The significance of international actors, even for what appear to be extremely local events, is made clear in recent work on the projects for a linen manufacture and joint-stock bank in the principality of Hessen-Kassel – projects that were roughly contemporaneous with the Braunschweig ones. There, the initiative for a new project came from a civil servant posted in the Netherlands, acting in awareness both of his employer's ambitions for economic improvement and of the variety of commercial and financial practices developing in the Atlantic

4 Eve Rosenhaft, "'All That Glitters Is Not Gold, But…': German Responses to the Financial Bubbles of 1720," in *Money in the German-Speaking Lands*, ed. Mary Lindemann and Jared Poley (Oxford and Providence: Berghahn, 2017), 74–95.

5 Cf. Arnaud Orain and Laurent Thézé, "Publicité, contre-publicité et représentations économiques du Système de Law: Le motif alchimique dans les poésies et chansons de la Régence," in '*Gagnons sans savoir comment' : Représentations du Système de Law du XVIIIe à nos jours*, ed. Florence Magnot-Ogilvy (Rennes: Presses Universitaires de Rennes, 2017), 129–148.

Image 1: "If you want to escape poverty, then come and buy stock," *Der Europäische Niemand* 17 (1720). (Courtesy of Universitätsbibliothek Regensburg)

economies. In the principality itself, the project was taken forward by specialists actively recruited from the Netherlands and France.[6] The Braunschweig case displays some similarities to that of Hessen-Kassel, but the geographic range of its cast of characters is more limited. The investors, speculators and projectors were mainly English, the courtiers and civil servants mainly German; and there is a stronger element of initiative (British) and response (German) in the events – though a key role fell to "cross-cultural brokers" moving physically as well as imaginatively between England and Germany.[7] This reflects the fact that the actors in this story were operating within the particular and relatively new "transfer zone" created by the personal union of Britain and Hanover in 1714.[8] One consequence of this connection was that members of the Hanoverian elite, themselves often in motion (along with King George I) between the two capitals, were drawn into the stock market. Information and opinion about the bubbles also circulated through the correspondence of German princesses in London and Paris. Elisabeth Charlotte of Orléans, mother of the French regent responsible for the Mississippi scheme, was the first cousin of George I and had grown up at the Hanoverian court, and among her confidantes were the Princess of Wales Caroline of Brandenburg-Ansbach (who held South Sea stock) and Caroline's lady-in-waiting Johanna Sophia of Schaumburg-Lippe.[9] The courts of Hanover and Braunschweig were linked by shared membership in the Guelph dynasty and by geography: the two residences were a day's ride apart.

Varied as the motives of all these actors certainly were, their actions had a very material object. The vicissitudes of the attempt to establish an English manufacturing and export business in a relatively underdeveloped German region remind us of the ways in which the desire for material goods and the

6 Stefano Condorelli and Daniel Menning, "Wirtschaftspolitik im Zeichen der europäischen Börseneuphorie: Die Gründung der Leyh- und Commercien-Compagnie und die Reform der Tuchproduktion in Hessen-Kassel 1721," *Hessisches Jahrbuch für Landesgeschichte* 68 (2018): 99 – 114.
7 Cf. Philip Curtin, *Cross-Cultural Trade in World History* (Cambridge: Cambridge University Press, 1984).
8 Cf. Michael Schaich, "Sprache. Kommunikation. Netzwerke: Kulturtransfers in der Personalunion," in *Als die Royals aus Hannover kamen: Hannovers Herrscher auf Englands Thron 1714 – 1837. Ausstellungskatalog*, ed. Katja Lembke (Dresden: Sandstein, 2014), 80 – 91; Arnd Reitemeier, ed., *Kommunikation und Kulturtransfer im Zeitalter der Personalunion zwischen Großbritannien und Hannover: 'To prove that Hanover and England are not entirely synonymous'* (Göttingen: Universitätsverlag, 2014).
9 Rosenhaft, "'All That Glitters'," 76; Eve Rosenhaft, "Women and Financial Knowledge in Eighteenth-Century Germany," in *Women and Their Money: Essays on Women and Finance 1700 – 1950*, ed. Anne Laurence, Josephine Maltby, and Janette Rutterford (London: Routledge, 2008), 59 – 72.

real world of trade persisted in the background of financial experiments, even if these are remembered chiefly for their immaterial character. They also show how the consequences of the boom and its aftermath reached into many corners of Europe and touched people at all levels of society.

New Projects: Thomas Pindar and Company

In March 1718, a certain Johann Gerhard Hopmann wrote from London to August Wilhelm, Duke of Braunschweig-Wolfenbüttel, sending him a proposal for the establishment of a new linen manufacture in the city of Braunschweig. The aim, as he stated it, was to stimulate the economy of the city and territory, by making possible the production of high-quality bleached linen for export to England. The establishment would be in the hands of a company patented by the Duke but made up of experienced English merchants. As an incentive for them to invest, these entrepreneurs would be granted the privilege of importing English goods and selling them locally and abroad without being charged duty. Any loss to the ducal treasury would be made up by the increase in general production and income, "so that not only can work and bread be provided for the mass of your poor subjects but much money can flow into the city and the territory and the commerce, trade and business that are currently depressed can be re-established and made to flourish again". The situation that Hopmann was addressing was that the residents of the territory, who relied on home spinning for their livelihoods, produced such poor-quality yarn that the fabric made from it could not attract good prices. By contrast, the Dutch were producing fine bleached linen for sale to England, though they were doing so by importing and processing cloth produced in the German lands. With proper management, Hopmann argued, it would be possible to produce both good yarn and fine linen in Braunschweig using local flax and the skills of local spinners and weavers. Moreover, he identified plenty of space in the city to lay out bleaching yards.[10]

By the summer of 1718, Hopmann was already on the hunt for London investors. At this point, he wrote, he was only looking for "perhaps 5 or 7" "wealthy merchants", but he had already raised a capital of 60,000 Reichsthaler (the contemporary equivalent of £13,500). Meanwhile, he asked his correspondent in Braunschweig to keep the plan a secret, in view of the fact that the English Par-

10 Project einer zu Braunschweig zu etablirenden Leine-Manufactur [...], in Niedersächsisches Landesarchiv Wolfenbüttel (NLA WO), 4 Alt 5 Nr. 358, 2–5.

liament was committed to protecting domestic linen manufacture.[11] The privy councilors in Braunschweig immediately began to explore the feasibility of the plan, and, in late July 1718, the Duke approved the outline proposal.[12] During the next two years, Hopmann continued to seek investors, but it was only in May 1720 that he was able to report success. The records of the ducal court in Wolfenbüttel include two copies of the articles of association signed on 9 May by Hopmann and 23 others. The English original, on parchment, was probably delivered by two Londoners who visited Braunschweig in June to meet Johann Friedrich Faber, the Duke's appointed negotiator; a German translation appears to have reached Wolfenbüttel before that.[13] The signatories declared that they had formed a "copartnership" for the purpose of linen manufacture "and for the baking and refining of sugar and a free comerce and dealing in all sorts of English commodityes"; the wares they named were tin, cloth of all sorts (excepting druggets, serges and other thin stuffs) and "such brown or muscovado sugar in the manner it comes from the Indies packt up in casks". As the articles noted, there were some specifics that remained to be negotiated with the Duke. He, for example, wanted to levy an excise both on the linen and on the confectionery manufactured by the company (there is no sign that the sugar refinery was ever developed); but, significantly, the parties explicitly agreed that duties on confectionery could be reduced if competition from well-established Hamburg producers threatened the success of the new enterprise. Both the range of duty-free goods and the number of years for which the privilege should be granted were (and would remain) points of contention. It was to discuss these points that the two delegates travelled to Braunschweig.

Trading under the name of Thomas Pindar and Company, the 24 partners were committed to raising a capital sum of £24,000 by each paying in £1,000. Ten percent of this was to be reserved to cover the cost of appointing factors and other employees to get the practical work underway in Braunschweig; the rest was to be divided into 25 shares, of which Hopmann would receive two. Shares could not be disposed of without the agreement of all "proprietors".[14] While the partners were awaiting the final go-ahead for production, the company's capital was invested in South Sea stock – a point that would prove impor-

11 Hopmann to Geheimer Rat, 2.7.1718, in NLA WO, 4 Alt 5 Nr. 358, 18–21. It is not clear which of the privy councillors this was.

12 Actum in der [...] Ratsstube Wolfenbüttel, 27.7.1718, in NLA WO, 4 Alt 5 Nr. 358.

13 Articles of Association, in NLA WO, 4 Alt 5 Nr. 358, 49–56 (German), 65 (English); English partners to Duke August Wilhelm, 23.6.1720, in NLA WO, 4 Alt 5 Nr. 358, 62. The two were Edward Morgan and Henry Grutzman. English spellings are original.

14 Thomas Pindar to Duke August Wilhelm, 2.4.1722, in NLA WO, 2 Alt 6546, 67–68.

tant in the future development of the project but also tells us something about its background.

Although English and German parties to the next two years' negotiations and correspondence consistently used the term company/*Compagnie* when referring to this new enterprise (and I follow them in this usage), in a formal or legal sense, it was a partnership. 'Share' had well-established vernacular and commercial uses that predated the issue of paper stock, and the prohibition on alienating shares is characteristic of partnership arrangements. There is no evidence that at that point the shares in the company were intended to be traded. Similarly, in the articles, the founding capital is called "joint stock", but this term was long current in partnership agreements and need not represent a commitment to the 'joint-stock form'.[15] There remains some ambiguity, however. This is particularly true of the use of the term "proprietors" to designate the partners. "[P]roprietor" was one of the standard designations for stockholders in businesses like the East India and South Sea Companies, and it features rarely, if at all, in contemporary texts on partnerships. Granted the fluidity of terminology characteristic of the period, then, the resonances of the company's copartnership terms with the lexis of the new financial technology are hard to overlook.

The best way to parse this ambiguity, which is also present in the German translation, may be to consider the timing of these projects. Hopmann's proposal (and indeed the lottery-and-bank scheme discussed below) is among the very earliest of the projects recorded by Condorelli, predating even the Mississippi scheme by a year. This is a reminder of the organic character of the conjuncture, which climaxed in the Paris and London bubbles but began with the proliferation of low-level and local entrepreneurial projects across Europe. These projects often responded to local impulses and circumstances, but, at the same time, they developed within transterritorial networks of communication and emulation and were conditioned by global events (like the War of the Spanish Succession), which had consequences for all European polities, though of different kinds and dimensions. At the same time, it appears that Hopmann's first proposal – whatever the original impulse – came too early to be attractive to many investors and that Thomas Pindar and Company was a product of the Bubble. The South Sea Act authorizing the Company's debt-for-equity scheme was promulgated on 7 April 1720. By 9 May, when the articles of association were signed, the trade in South Sea stock was accelerating and prices were beginning to rise. Ten days earlier, the Parliamentary Committee that was considering what would come to be

15 See, for example, the model articles of association in Jacob Giles, *Lex Mercatoria: Or the Merchant's Companion* (London, 1718), 297–340.

called the Bubble Act reported about the London bubble companies after three months' deliberation. That act, which received royal assent on 11 June, prohibited the raising of transferable stock by any company without a charter from the Crown. The practical consequence of the Bubble Act, it has been argued, was not to dampen entrepreneurial energies but to divert them into the creation of unincorporated shareholding partnerships.[16] Thomas Pindar and Company looks very much like one of those, and consideration of the personalities of its partners reinforces the impression that it was changes in business conditions precipitated by the South Sea project that gave Hopmann the opportunity to realize his plan.

Projectors and Investors

The articles of association for the new company were signed by Johann Gerhard Hopmann, as well as by 23 London investors. The London signatories styled themselves as follows:

Fisher Tench, Baronet, London
Thomas Pindar, London, Esq.
William Plomer, London, Linnendraper
Edward Clive, London, Gent.
Oswald Hoskyns, London, Merchant
Thomas Watts, London, Gent.
Henry Symonds, London, Linnendraper
Thomas Burgess, London, Merchant
William Doyle, London, Merchant
Cornelius Noortwyck, London, Merchant
William Oaker, London, Esq
John Martin, London, Esq.
Henry Grutzman, London, Merchant
William Nicholls, London, Merchant
Lewis Yonge, London, Linnendraper
Robert Smith, London, Merchant
William Stewart, London, Linnendraper
Walter Tredway, London, Merchant
Edward Morgan, London, Merchant
Henrich Marshall, London, Grocer
John Higden, London, Linnendraper
Henry Trollop, London, Linnendraper
Walter Bagnall, London, Esq.

What do we make of this list? How were these men mobilized and how can we assess their motivations, taking into account the context of the Bubble years? The key figure and leading cultural broker here was Johann Gerhard Hopmann, aka John Gerrard Hopman, and he was fit for the role not least by a degree of

16 Mark Freeman, Robin Pearson, and James Taylor, "Law, Politics and the Governance of English and Scottish Joint-stock Companies, 1600–1850," *Business History* 55 (2013): 633–649, here 637. I am grateful to Robin Pearson for personal advice on the vagaries of commercial terminology. Cf. Ron Harris, *Industrializing English Law: Entrepreneurship and Business Organization, 1720–1844* (Cambridge: Cambridge University Press, 2000), 137–167, on unincorporated companies.

cultural hybridity. In the German sources, Hopmann appears as a typical eighteenth-century civil servant, dependent on multiple commissions, hustling for income and preferment, and at the mercy of his lord. When he drafted his plan in 1718, he held a minor position in the diplomatic service (*Legationssekretär*), and, by mid-1721, he had been promoted twice to become August Wilhelm's *Resident* – or ambassador – in London. He was simultaneously *Resident* for Holstein and also, at various times, for Mecklenburg and the Hanse cities.[17] The English sources reveal him as a member of the loose community of transplanted Germans who had made themselves Englishmen to all intents and purposes.[18] In London, he moved in both mercantile and diplomatic circles. He was also adept in 'English' financial practices, through which he networked in various ways with some of the other Braunschweig partners. In June 1720, a month after the articles of association were signed, for example, Hopmann, Thomas Pindar and Henry Grutzman were involved in a complicated series of transactions involving the sale of £2,400 worth of South Sea subscriptions on Hopmann's account.[19] In 1721, when Hopmann married Rachel Rebow, the 16-year-old granddaughter of Colchester MP Isaac Rebow (a business associate of Fisher Tench),[20] the marriage contract stipulated that £1,000 of South Sea stock should be included in Rachel's marriage settlement; and subsequent renegotiations of trustee arrangements similarly involved new purchases of stocks and annuities.[21] In short, Hopmann was a man on the make in London and had learned to take advantage of the opportunities provided by the stock market.

The presence of Henry Grutzman's name among the signatories points to the mediating role of Anglo-German mercantile networks in this story. Grutzman was a German merchant, who had arrived from Riga in 1718 and been naturalized in 1719.[22] Cornelius Noortwyck, whose merchant activities included selling trade goods to the Royal African Company, was of Dutch origin and, in 1722, a near

17 Record of Hopmann's appointment November 1719, in NLA WO, 1 Alt 6 Nr. 85, 1–10; Reports of his diplomatic engagements in the London press, January 1720 to April 1721.

18 Cf. Margrit Schulte Beerbühl, *The Forgotten Majority: German Merchants in London, Naturalization, and Global Trade 1660–1815* (New York and Oxford: Berghahn, 2007).

19 See the records of subsequent litigation in The National Archives (TNA), C 11/50/7, C 11/1747/29, C 11/54/8.

20 They appear as co-defendants in lawsuits in TNA, C 11/2205/1 (1719), C 11/1417/7 (1720) – in 1719 as co-directors of the Society of Royal Mines and Mineral and Battery Works of City of London.

21 Litigation in TNA, C 11/570/16.

22 TNA, C 11/844/41; *The Benefits and Advantages Gained by the Late Septennial Parliament[...]* (London, n.d.), 10.

neighbor of Henry Grutzman.[23] Thomas Burgess traded in colonial goods, including tea and tobacco; his bookkeeper was a naturalized German, and he had dealings with a number of German merchants.[24] Letters in the Braunschweig files indicate that Burgess was conversant in German himself. Two additional men who do not figure in the list of partners but who played a key role in the enterprise were the factors whom the company hired to set up the business in Braunschweig: Johann Potgiesser and August(us) Rosenhagen. There is evidence to suggest that Potgiesser was hired in London and known to at least some of the company men. In 1720, he had completed five years' training with the merchant partners Henry Voguell (originally from Bremen) and Florian Göbel (a naturalized German). Voguell also was associated with Cornelius Noortwyck, acting with him as co-attorney for the daughter of a fellow merchant in 1727.[25]

The fact that the partners included six linen drapers is a pointer to the specific commercial context which probably informed their investments. Linen was, in the words of Negley Harte, "the most important manufactured import into preindustrial England".[26] Hopmann's early letters referred specifically both to the demand for high-quality linen, a trade then dominated by Dutch suppliers, and to the protectionist policies that the British government was beginning to implement in the hope of fostering the domestic linen industry. As a consequence of high prices incurred by duties and other problems of supply, wholesale merchants already were withdrawing from the import of linen, and retailers increasingly were importing directly from the continent for both the domestic market and re-export.[27] In 1730, John Higden and his son were named among those linen drapers directly importing from Amsterdam, as was the firm Clavering & Trollop, which may well refer to Henry Trollop.[28] The sensitivity of this

23 Noortwyck's will in TNA, PROB 11/619/234; Land Tax records for Broad Street Ward, in London Metropolitan Archives; Wm. Hagar to the Directors of the East India Company, 18.10.1722, in TNA, T 70/24 Royal African Company letterbooks.

24 Litigation in TNA, C 11/2369/10, C 11/2572/21, E 134/1Geo2/East17.

25 *Daily Courant*, no. 8075, 28.8.1727. On Voguell and Göbel, see also Schulte Beerbühl, *Forgotten Majority*, 121, n. 56.

26 N.B. Harte, "The Rise of Protection and the English Linen Trade, 1690–1790," in *Textile History and Economic History*, ed. Negley B. Harte and Kenneth G. Ponting (Manchester: Manchester University Press, 1973), 75–112, here 75.

27 I am grateful to Professor David Ormrod for pointing me to this aspect of the background to the case.

28 Charles Wilson, *Anglo-Dutch Commerce and Finance in the Eighteenth Century* (Cambridge: Cambridge University Press, 1941), 54; David Ormrod, *The Rise of Commercial Empires: England and the Netherlands in the Age of Mercantilism, 1650–1770* (Cambridge: Cambridge University Press, 2003), 174–175.

group of tradesmen to restraints on the market is illustrated by Henry Trollop's advertisement of October 1722, in which he offered for sale a shipment of printed calicoes "to be sold to such as shall want to make up Furniture before Christmas next, when the Act [prohibiting the import of printed cotton] is to take place".[29]

The notion of manufacturing and processing their own linen in Germany for duty-free import at home thus might well have attracted linen drapers to invest. It seems likely, indeed, that Hopmann came up with his scheme after conversations with London acquaintances in the textile trade and that the initial capital he cited in his 1718 letter came from that commercial quarter. Another retailer with an interest in the commodities to be traded by the new company was Henrich (Henry) Marshall, who as a "grocer" would have sold imported spices and other imported consumables including sugar, tea and coffee. And (as detailed below) Cornelius Noortwyck was but one of several partners in Thomas Pindar and Company who had links to the transatlantic slave economy, a significant importer of German linens as trade goods and for use on American plantations.[30]

In many respects, the company members represent a mixed bag of commercial and broadly political actors, but, irrespective of their occupations, nearly all of them were party to, and indeed networked through, involvement in joint-stock enterprises which included notorious English bubble companies. Sir Fisher Tench was an MP and a director of both the South Sea Company and the Royal African Company. He owned a plantation in Virginia as well as extensive rural landholdings in England, and, on his death in 1736, he also left substantial investments in stock and securities of various kinds to his heirs.[31] Thomas Pindar, who gave his name to the company, was an Atlantic merchant who had been Deputy Governor of the Royal African Company and a successful lobbyist on its behalf between 1703 and 1710.[32] Thomas Watts was another director of the Royal African Company and, along with Pindar, Hoskyns and Tench, was also a member of another innovative project of the early eighteenth century, the Amicable Assurance Society. Hoskyns was a trustee with Watts, Smith and others of the London Assurance Company. Hoskyns and Watts also partnered in other enter-

29 *Post Boy*, no. 5184, 11.–13.10.1722.

30 Anka Steffen and Klaus Weber, "Spinning and Weaving for the Slave Trade: Proto-Industry in Eighteenth-Century Silesia," in *Slavery Hinterland: Transatlantic Slavery and Continental Europe, 1680–1850*, ed. Felix Brahm and Eve Rosenhaft (Woodbridge: Boydell & Brewer, 2016), 87–108.

31 William A. Pettigrew, *Freedom's Debt: The Royal African Company and the Politics of the Atlantic Slave Trade, 1675–1752* (Chapel Hill: Omohundro Institute of Early American History and Culture and University of North Carolina Press, 2013), 46, 76; Tench's will in TNA, PROB 11/680/174.

32 Pettigrew, *Freedom's Debt*, 130–139.

prises, including property-holding in South Carolina. Edward Clive was their lawyer.[33] Walter Bagnall was an enrolled Freeman in the Royal African Company, which normally signaled an intention to engage in the slave trade. In 1721, when the directors of the South Sea Company were facing prosecution, he stood bail for Co-Director Robert Surman.[34] The spirit with which these investors went into Hopmann's new company is perhaps best reflected in the fact that Pindar, Watts, Symonds, Burgess, Trollop, Martin, Morgan, Voguell and Smith were each and all (in various combinations) involved in one or more London joint-stock companies which were either created or proposed between 1718 and 1720 or changed their purposes in those years; some of those companies also deployed lotteries to raise capital and attract investors. They included the York Buildings Company, a scheme for joint-stock maritime insurance, and the Mines Royal, Mineral and Battery Works.[35] Trollop and Symonds held stock in the Hollow Sword Company, which, in spite of its name, was the South Sea Company's bank.[36]

Of the partners in Thomas Pindar and Company, then, none was poor – William Plomer left an estate of over £15,000 and made generous bequests to the dissenting churches[37] – and some had a direct material interest in the commercial and industrial aspects of the plan, as retailers or as merchants. Many belonged to international networks involved in maritime trade, including the slave trade, and they operated at one of the nodal points where Germans and Englishmen met to talk about business. And, within this mixed bag, gentlemen, retailers and merchants were linked by a shared enthusiasm for new joint-stock enterprises.

Clearly, the excitements, promises and risks of the South Sea as a field of commercial expansion were present in the background to the Braunschweig company project and at least served to reinforce the connections among the partners, if they were not the original basis of their association. If, in the summer of

33 *A List of the Members of the Corporation of the Amicable Society for a Perpetual Assurance Office* [...] (London, 1721); Hoskyns' will in TNA, PROB 11/665/183; litigation in TNA, C 11/54/1.
34 List of Freemen of the Royal African Company of England, 23.6.1720, in TNA, T 70/1507; *Weekly Journal or British Gazetteer*, 18.2.1721.
35 *The special report, from the Committee Appointed to Inquire into, and Examine the several Subscriptions for Fisheries, Insurances, Annuities for Lives, and all other Projects carryed on by Subscription, in and about the Cities of London and Westminster; and to Inquire into all Undertakings for purchasing Joint-Stocks, or Obsolete Charters* (London, 1720).
36 On the Hollow Sword Blade Company see Helen J. Paul, *The South Sea Bubble: An Economic History of Its Origins and Consequences* (London and New York: Routledge, 2011), 48. On Symonds and Trollop: litigation in TNA, C 11/1707/6.
37 Plomer's will in TNA, PROB 11/726/330.

1720, each partner found they could afford the substantial sum of £1,000 to invest in a new venture, it seems plausible that they all were enjoying or anticipating profits from the boom – though they may have differed in the benefits they expected from investing in the economic development of a German principality. However, the manifest commercial rationale of the company points to the multiplicity and complexity of the impulses to innovate and experiment that were touched off by the boom: the plans that these men committed themselves to involved more than spinning money.

It nevertheless seems likely that the partners envisaged a financial spin-off from the manufacture. Shortly after the articles of association were signed, a communication reached the Duke's councilors urging that the increase in commercial activity that would surely follow the establishment of the English company called for the creation of a bank in Braunschweig. With a proposed capital of 4 million Banco-Thaler and a range of services, the bank could be expected to generate "4 à 5 casks of gold" for the ducal treasury and attract deposits from all over Germany ("ganz Teutschland"). The unnamed author promised to provide a detailed plan for the bank, though for the eyes of the Duke and his council only. Other evidence indicates that the proposal originated from Thomas Pindar and Company, but no more detailed plan has survived, if it ever existed.[38] In any event, the bank proposal was not pursued, while real preparations were made for setting the linen manufacture in motion. Meanwhile, both dimensions of the Londoners' plan were challenged by the emergence of a second, new project in Braunschweig.

New Projects: Corr's Lottery

The proposal for a second enterprise, a lottery authorized by the Duke of Braunschweig and to be drawn in Braunschweig but selling tickets in London, was devised by a certain Ebenezer Corr. It was submitted to and approved by Duke August Wilhelm in August 1718, as Hopmann was following up his first representations to the Duke. The initial patent for the lottery provided for an honorarium of £500 to the Duke, which he was committed to spend on charitable purposes, and substantial personal fees for the Braunschweig civil servants who would be responsible for administering the draw. But Corr's scheme was more

38 Anonymous communication, n.d. [June/July 1720], in NLA WO, 2 Alt 6542, 59–60. Cf. Ducal rescript to Hopmann, 7.10.1721, in NLA WO, 2 Alt 6545, 55–60. The handwriting on the proposal matches that of the author of the German version of the partners' 23.6.1720 letter to the Duke.

complex and offered a promise of still greater wealth for the territory. The lottery project was followed in June 1720 by a proposal for a joint-stock bank, in which purchasers of lottery tickets would automatically qualify for shares but which would also sell stock to "all persons of any rank or nation".[39]

In spite of the coincidence of timing, there is no evidence of an original connection between the company scheme and the lottery/bank scheme. Corr reported in late August 1720 that when Thomas Pindar applied to him for some lottery tickets, Pindar promised Corr that he could help him deal with the ducal court,[40] but no other (or earlier) personal connection between Corr and the company networks has come to light. Corr was clearly an adventurer riding the Bubble. In the summer of 1720, while the tickets were being sold for the Braunschweig lottery, he also was playing the market in South Sea stock, mainly with other people's money. In February 1721, he enrolled as a Freeman of the Royal African Company, and a few years later we find him fitting out a ship for "the coast of Africa and beyond," while finding excuses not to pay for the cargo he had contracted for.[41] Stephen Ram, the goldsmith who acted as agent and treasurer for Corr's lottery, had been treasurer for a joint-stock marine insurance scheme to which John Martin and Henry Voguell were party in 1718, though in that case his actions had not been such as to make friends of the shareholders; he was charged with embezzling their subscriptions.[42]

Although they were distinct, the two undertakings, Corr's lottery and the linen manufacture, rapidly became linked in the minds of both English and German actors. It is conceivable that the intimation of a bank scheme from Thomas Pindar and Company inspired August Johann Mattenberg to invite Corr's bank proposal. Mattenberg was one of the Ducal councilors responsible for the economic affairs of the city of Braunschweig. He was one of the named agents of Corr's lottery but closely involved in negotiations over both English schemes. He wrote to a fellow councilor that the establishment of a bank was a logical ingredient in any plan to revive the Braunschweig economy, though he had doubts about some aspects of Corr's scheme.[43]

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39 Corr's outline statements of June – July 1720 in NLA WO, 2 Alt 6543, 3 – 4, 6, 8 – 11, and full draft scheme (undated, in German and French) in NLA WO, 4 Alt 358.

40 Corr to Mattenberg, 20.8./10.9.1720, in NLA WO, 2 Alt 6543, 15.

41 List of Freemen of the Royal African Company of England, 9.2.1721, in TNA, T 70/1507; litigation of 1728 in TNA, C 11/241/24.

42 *The special report*, 20, 60. On Ram, see also William R. Scott, *The Constitution and Finance of English, Scottish and Irish Joint-Stock Companies to 1720* (Cambridge: Cambridge University Press, 1912), 3:399 – 401.

43 Mattenberg to Hochwohlgebohrener Herr, 28.7.1720, in NLA WO, 2 Alt 6543, 12 – 13.

With his lottery going ahead in late summer of 1718, Corr had a head start on Hopmann; but, by the time Thomas Pindar and Company was established, Corr's scheme was in crisis. At the end of August 1720, Corr announced that all the tickets had been sold, claiming that the purchasers included members of the English royal family, directors of the South Sea Company, and other prominent Londoners, and he pressed his scheme for establishing a bank on the proceeds.[44] But Braunschweig never saw that money, and neither did the holders of Corr's lottery tickets. As the lottery draw was repeatedly postponed, it became apparent in London that its organizers had been maneuvering to drive up the price of tickets. There was a public outcry, and subscribers demanded their money back.[45] Hopmann was just able to prevent a lawsuit being brought against the Duke. Corr's bank scheme, which the Duke had sent to a committee of privy councilors for consideration, was roundly rejected by a resolution of 20 November 1720.[46] It was too late, however, to prevent the fate of Thomas Pindar and Company from being colored by the Braunschweigers' doubts about Corr. Set against the background of this unfolding financial crisis, the result was increasing mutual suspicion between the English and the German actors.

Interferences

Two months earlier, in late September, Faber had noted to the Duke's secretary that Corr's lottery was so obviously a fraud that people were beginning to withdraw their money. Adopting a new vocabulary from the events in London, where South Sea stock prices were falling fast, he commented that the Duke's "hand and seal are profaned by this business that amounts to so-called bubbles". He also reflected on the position of Thomas Pindar and Company:

> I regret that the other society, from which much good might most probably arise for the public, did not either present their own proposal before this one came in or wait until time had proved this one unworthy, for since the two cannot flourish side by side and the general view is that we are in so deep with lottery-men and bankers that we cannot step back, I'm afraid the good seed will fall among the tares and be smothered.[47]

44 Corr to Mattenberg, 20.8./10.9.1720, in NLA WO, 2 Alt 6543, 15.
45 *The Case of great Numbers of His Majesty's injured Subjects, drawn in by the Artifice of Stephen Ram, of London, Goldsmith, and Agents, to become Proprietors of Lottery Tickets, Pretended to be Brunswick* [London, 1720]; litigation in TNA, C 11/1787/17.
46 Relatio ad Sermum die von dem Engländer Everhard Corr vorgeschlagene Actien Banque in Braunschweig und andere Hazard-negotia betreffend, in NLA WO, 2 Alt 6544, 19–26.
47 Faber to Geheimer Sekretär (unnamed), 20.9.1720, in NLA WO, 2 Alt 6543, 33–35.

Even after Corr's bank scheme had been rejected, the fact that the Duke initially showed more favor to Corr than he manifestly deserved informed the growing tension in negotiations around the linen manufacture. In late September 1720, Mattenberg and Faber met representatives of the company, who had arrived in Braunschweig "surprised and troubled [verwundert und affligiert]" at the fact that, in spite of Hopmann's assurances, there had been no practical response to their proposal. They worked out a compromise that met the English partners' key demands, including a 21-year exemption from import duties on sugar and yarn as well as other concessions on tariffs and duties.[48] But the company had still not made any moves to establish a physical presence in Braunschweig by the beginning of 1721, when it submitted a new set of requests; these were in many respects a reiteration of their infrastructural needs (i. e. warehouses and bleaching facilities), but they also stated the hopes that the concessions might be extended and that the company might be allowed to set up operations in other territories.[49] Faber was persuaded of their good faith, but he warned Edward Morgan that those who had been in favor of Corr's scheme:

> are now attempting to convince your supporters either that you are not in a position to pay the high costs that the business calls for or that you never had any better intentions than Mr Corr, and that everything you said about the linen manufacture and refinery served only to cover up your real objectives.[50]

The English investors, in their turn, expressed themselves indignant at being trumped by Corr and doubtful of the good sense and good faith of the Braunschweigers. Nevertheless, the company went into production, confirming the entrepreneurial intentions of at least some of the partners. In November 1720, the factors Potgiesser and Rosenhagen were appointed on three-year contracts, and, by December, they were contracting spinners and weavers in Braunschweig. Certainly, Potgiesser and Rosenhagen believed they were operating a real enterprise. In April 1721, the first samples of linen reached London; it was of good quality but still unbleached, because the manufacture still had no facilities of its own – no warehouse, no offices and no bleaching yards.[51] By October, the factors employed 35 spinners and weavers in Braunschweig and in seven surrounding towns and villages, and they had, by their own account, produced over 8,000

48 Faber to Duke August Wilhelm 26.9.1720, in NLA WO, 2 Alt 6543, 36 – 52.
49 Translation of a letter signed Thomas Burgess, with Hopmann's comments, in NLA WO, 2 Alt 6544, 59 – 60.
50 Faber [?] to Morgan, probably January 1721, in NLA WO, 4 Alt 5, Nr. 358.
51 Thomas Burgess to Potgiesser and Rosenhagen, 5.5.1721, in NLA WO, 2 Alt 6545, 20.

yards of linen cloth. In explanation of *why* they had gone outside of Braunschweig to recruit workers, the factors reported that they could not find men and women with the requisite level of skills in the city. They also asserted that they needed to be licensed to import skilled workers, if necessary – a point which the company had stipulated in January 1721 and which is further evidence of the seriousness of the project.[52] There was still no firm basis for proceeding with full production, however, not least because by the time the samples arrived in Braunschweig, the London equity market had already crashed, dampening optimism on both sides and resetting the terms of mutual trust.

The Aftermath of the Crash

Many of Thomas Pindar and Company's principals personally lost in the crash. One was reportedly bankrupted, and, more importantly, much of the ground capital invested in South Sea stock was lost. Some of the investors also lost money in Corr's lottery scheme.[53] But once Corr was out of the way, the partners were prepared to keep trying. Burgess later admitted that the company needed considerably more than four times the original capital, and in order to raise new funds, Hopmann proposed in December 1720 that a lottery be established to be drawn in Braunschweig, with five percent of the income going to the Duke and five percent to the company.[54] (In a later communication to the Duke, he added that his recent marriage would give him the means to help finance the new scheme.)[55] The terms and timing of this lottery now became the focus of negotiations between the Duke and the company. The key sticking point was the question of oversight. The Duke wanted his councilors to be able to audit and indeed co-manage the accounts, while the English investors insisted that the lottery funds remain in London and treated the Duke's proposal as illegitimate meddling. A counter-proposal emerged in August 1721, that holders of lottery tickets should be entitled to a share in the profits of the company. This echoed Corr's scheme, and, while avoiding a commitment to the joint-stock form, it is an example of the kind of experimentation with mixed forms

52 Rosenhagen and Potgiesser, Noat Was von uns der privilegirten Englischen Companie bestellte Factoren zum Anfange unternommen worden, in NLA WO, 2 Alt 6545, 47–48.
53 Thomas Pindar to Duke August Wilhelm, 2.4.1722, in NLA WO, 2 Alt 6546, 67–68; Hopmann to Duke August Wilhelm, 2.12.1720, in NLA WO, 2 Alt 6544, 28.
54 Hopmann to Duke August Wilhelm, 20.12.1720, in NLA WO, 2 Alt 6544, 31–32. Cf. Burgess to Potgiesser, 17.3.1721, in NLA WO 2 Alt 6545, 2.
55 Hopmann to Duke August Wilhelm, 19.1.1721, in NLA WO, 1 Alt 6, Nr. 85, 65.

of finance that was characteristic of the boom years.[56] What is interesting here is that the proposal came from Braunschweig and was rejected by the English partners, only to reappear in October as a promise that ticket-holders who drew blanks in the lottery would receive shares in the company.[57]

As this new round of negotiations dragged on, the Duke expressed his state of mind in a rescript to Hopmann dated 7 October 1721; he found it "displeasing" that the company now objected to oversight of their accounts, having never made an issue of it (for example) in their original bank proposal. He characterized his stipulations as a means of "securing our reputation and the public credit here". Noting that the company was "already partially dissolved", he expressed a real anxiety about Hopmann's middleman role. He reminded Hopmann of his own responsibility, should the company renege on all its as-yet-unfulfilled promises, and of the need to ensure that the anticipated lottery fund not be:

> ~~aveuglement~~ blindly put at risk, and so much hazarded for so little on the basis of a simple promise, particularly when we have not the slightest information about the state of the whole company, and should God call upon your person we [...] would not even know to whom we should address ourselves in so distant lands.[58]

The mistrust that now prevailed in Braunschweig was expressed directly by Faber shortly afterwards; somehow or other, he wrote, the company must be forced:

> to show us their inmost minds [ihr Innerstes herauszukehren] and once and for all make clear whether they are or have ever been serious about taking the enterprise forward, or whether they were simply looking to make a heap of money dishonestly at the cost of His Grace and others.[59]

For the sake of his own reputation, Privy Councilor Count Conrad Detlev von Dehn, who was the Duke's favorite and in effect his deputy in commercial affairs, refused to put his initials to any positive statement about the lottery.[60]

Against this background, Potgiesser and Rosenhagen attempted to seize the initiative, first pressing for completion of the lottery and then offering to bypass the company and run both the manufacture and the lottery themselves on the

56 Condorelli, *The 1719–20 Stock Euphoria*.
57 MS draft of a lottery ticket, n.d., in NLA WO, 2 Alt 6545, 67.
58 Ducal rescript to Hopmann, 7.10.1721.
59 Faber to Privy Councillors, 19.10.1721, in NLA WO 2 Alt 6454, 68–70.
60 MS note attached to MS draft of public announcement of the lottery, n.d. [October 1721], in NLA WO 2 Alt 6454 [with 65–66].

Duke's terms, with the lottery as a separate operation.[61] They were in a particularly exposed position, since they were running out of ready cash. Waiting to be paid themselves, in September 1721, they also faced a complaint from the Braunschweig weavers' guild that they were underpaying local weavers and deliberately bringing lower-skilled weavers in from the outside.[62] These factors would be the last of the actors to retain some hopes of the project. In March 1722, they produced a highly detailed plan for running the manufacture themselves, citing their own experience and the results of some market research.[63] This was dismissed by the Privy Council, and the last pages of the file on Thomas Pindar and Company are concerned with the factors' efforts to extract payment from the company partners. By the summer of 1723, the only men in the story who had done any real work were kicking their heels in Braunschweig and falling out with each other and with the agents of the Duke, who at one point wrote personally (but in vain) to King George I in hopes of getting the men compensated and re-established elsewhere.[64] In late July 1723, Potgiesser appealed to the council against Elisabeth, the younger of Rosenhagen's two sisters, who was refusing him access to the company accounts. Relations in their (apparently shared) household had broken down so far that Mattenberg reported on his interview with the sisters: "I [...] found them in such a state that interviewing them *en detail* would produce a whole book of notes [...] When Secretary Alberti tried to make peace between them recently [Elisabeth] offered [her sister Anne Sophie] a box on the ears instead of the intended hand of friendship."[65]

By this time, Thomas Pindar and Company was no longer in existence. Hopmann's response to the Duke's strictures of late 1721 was to distance himself from his English partners without giving up the project. In January 1722, observing that the company project had been spoiled by the wave of "ill managed" stock-jobbing, he proposed moving the business out of the hands of the English partners and setting up a Braunschweig import-export office in London, under his own management and linked to a joint-stock bank with commercial, lending

61 Rosenhagen and Potgiesser to Duke August Wilhelm, 20.10.1721, in NLA WO, 2 Alt 6546, 1–2.
62 Geschworene Elteste und sämtliche Meister des Löblichen Leineweber-Handwerks to Duke August Wilhelm, 15.9.1721; Councilor (unnamed) to Duke August Wilhelm, 11.11.1721, in NLA WO, 2 Alt 6546, 10–11 and 8–9, respectively.
63 Rosenhagen and Potgiesser to Duke August Wilhelm, 4.3.1722; Rosenhagen and Potgiesser to Councilors, 9.3.1722, in NLA WO 2 Alt 6546, 40–45 and 52–54 respectively.
64 Duke August Wilhelm and Cabinet to George I, 8.4.1723 and reply 31.5./11.6.1723, in NLA WO 2 Alt 6546, 84 and 82.
65 Potgiesser to Privy Councilors and statement of Duke and Cabinet, 22.7.1723, in NLA WO, 2 Alt 6546, 86, 88–89.

and insurance functions.[66] On 3 February, Hopmann, Pindar, Morgan, Hoskyns, Tench and Burgess met at Hopmann's lodgings in Pall Mall to dissolve their partnership. By mid-February, Hopmann had been dismissed from the Duke's service.[67]

Learning Curves

Amid the dwindling mutual trust and increasing skepticism that characterized the fortunes of Thomas Pindar and Company after 1720, we can sense the aftershocks of the stock market crash itself, which discredited the business of *Actienhandel* and the joint-stock form and which left those who had been drawn into (or placed themselves at risk of being drawn into) it bruised. The emotional dimensions of this are most apparent in the discussions that Corr's bank proposal generated, but the company suffered moral as well as material damage from the crash. In order to understand this aspect of the episode, we need to consider the expectations and resources that informed the responses of the Duke and his councilors to the English projects. There was an awareness of risk on both sides, and this added to the challenges of maintaining a dialogue between actors with different levels of knowledge and different approaches to economic development.

In September 1720, Hopmann was in Hanover with two deputies from the company. Learning of the progress of Corr's bank plan, he rode to Wolfenbüttel, seeking the Duke – in vain – at both of his palaces to warn against the scheme. He then contacted Privy Councilor Dehn; it was not his purpose, he wrote, simply to denounce Corr. Rather, "I would say this clearly to his face and to the whole world, because I understand the principles of this stock-trading business. Above all I can predict that within a year the very first subscribers to the scheme will have sold their shares and the money will have gone out of the country".[68] This was Hopmann self-consciously articulating his role as broker between two political economies. His intervention echoes a leitmotif of the contemporary German pamphlet and periodical literature, which, building on a presumption that most Germans were ignorant of joint-stock operations, repeatedly raised the question: who knows what about *Actienhandel?*

66 Hopmann to Duke August Wilhelm, 13.1.1722, in NLA WO, 2 Alt 6546, 20 – 22.
67 Notes on the dissolution of the partnership, in NLA WO, 2 Alt 6546, 31; Ducal rescript to Hopmann, 3.2.1722, in NLA WO, 1 Alt 6, Nr. 85, 67.
68 Hopmann to Dehn, 20.9.1720, in NLA WO, 2 Alt 6543, 26 – 29.

As Hopmann's own financial entanglements show, he was indeed experienced in stock-trading, and he had already invoked this expertise once before in his correspondence with Braunschweig. His December 1719 diplomatic dispatch to Duke August Wilhelm, for example, included a report on new companies being set up in London and on the presence on the London markets of French investors who had made profits on the Mississippi scheme.[69] In April 1720, he offered to invest in the South Sea scheme, which he called a "second Mississipi," on the Duke's behalf. He asked for a ten percent commission on the profits, which were bound to be substantial – "because I fully understand the business".[70] There is no evidence that the Duke responded, but it suggests that the Braunschweig courtiers were not quite as innocent of knowledge about stock-trading and its consequences as contemporaries claimed. It is nevertheless significant that in September 1720, deploying his claim to technical knowledge to see off the competitor Corr, Hopmann referenced an argument that would be most likely to appeal to a German territorial ruler (or anyone else educated in the mercantilist tradition): a catastrophic threat to the money supply.

It is not surprising that the Duke and his councilors initially welcomed the English proposals. Financial incentives and concessions, funding of infrastructural development, and even the encouragement of inward investment were familiar instruments of economic policy in the early modern German lands. Since the sixteenth century, the Dukes of Braunschweig-Wolfenbüttel had found ways to promote the economic development of their territory. After the city of Braunschweig lost its independence to ducal authority in 1671, they showed considerable energy in developing local commercial life. Faber and Mattenberg led the negotiations with Thomas Pindar and Company because they were members of a commission that had been set up in 1674 to manage the city's commercial affairs. (Faber was in charge of the city treasury, and Privy Councilor Dehn chaired the commission). Braunschweig's thriving semi-annual trade fairs were further testimony to the enterprising spirit of August Wilhelm's forebears.[71] With the decline of the Hanse, these fairs were, perhaps, the main mechanism through which the local economy was linked with supra-regional and even international trade networks. That said, August Wilhelm and his immediate predecessor Anton Ulrich had not been particularly energetic in maintaining developmental momentum, beyond promoting the growing and processing of tobacco as well

69 Report dated London, 20.11./1.12.1719, in NLA WO, 1 Alt 6, Nr. 85, 23–24,

70 Hopmann to Duke August Wilhelm, 7.4.1720, in NLA WO, 1 Alt 6, Nr. 85, 50–51.

71 Nils Brübach, *Die Reichsmessen von Frankfurt am Main, Leipzig und Braunschweig (14.–18. Jahrhundert)* (Stuttgart: Steiner, 1994).

as a fayence manufacture, whose best workmen were repeatedly poached by wealthier princes. By the second decade of the eighteenth century, the court was heavily in debt.[72]

In 1718, then, the Wolfenbüttel court was open to developmental projects, but both of the English proposals exceeded recent experience. Corr's lottery looked like a familiar form of short-term fundraising,[73] which probably helped him to get his foot in the door; but the joint-stock bank was something entirely new. Thomas Pindar and Company envisaged an indefinite foreign presence, with manufacture subcontracted to local producers but also the freedom to import labor. The trading company also proposed to continuously import from and export to a global market. One precedent for this was the operations of the English Merchant Adventurers, some of which involved linen manufacture but which had ended a century earlier and never had a presence in Braunschweig.[74] Similarly, the attendance of foreign merchants at the Braunschweig trade fairs was seasonal, temporary and (like the income it generated from fees and duties) easily controlled; indeed, a key question that councilors asked about the English company in 1718 was whether its retail operations would interfere with or supplement the benefits already provided by the fairs. And ducal concessionary and taxation policies up to then had been informed by the mercantilist principles of protectionism and of the augmentation of the money supply.

In the German-speaking lands, the alternative vision of dynamic economic expansion fueled by the progressive circulation of wealth that informed the fiscal experiments of 1719 to 1720 was associated with cameralist political economy. Cameralism, as such, came into its own as the 'user's manual' for territorial rulers later in the century, but its earliest proponents were already active at the time of the bubbles. Some commented on events in Paris and London, and, among these, it was Paul Jacob Marperger who was most active both in disseminating detailed information about the ways in which the stock market worked and in trying to explain to the German public the underlying rationale of such fiscal ex-

72 Karl Heinrich Kaufhold, "Die Wirtschaft in der frühen Neuzeit: Gewerbe, Handel und Verkehr," in *Geschichte Niedersachsens: Politik, Wirtschaft und Gesellschaft von der Reformation bis zum Beginn des 19. Jahrhunderts*, ed. Christine van den Heuvel and Manfred von Boetticher (Hannover: Hahn, 1998), 351–636, here 362–366.

73 On lotteries, see Hans-Peter Ullmann, *Der Staat, die Spieler und das Glück: Lotterien im Deutschland des 18. und 19. Jahrhunderts* (Berlin: de Gruyter, 1991).

74 Wolf-Rüdiger Baumann, *The Merchants Adventurers and the Continental Cloth-trade (1560s–1620s)* (Berlin: de Gruyter, 1990), 151–154, 183–189, 329–330.

periments and their potential benefits in a globalizing economy.[75] In Braunschweig, the archival record attests to the serious and informed consideration that the Duke's councilors gave to the possibilities as well as the risks involved in the English schemes, and one measure of their level of technical sophistication might be the extent to which they engaged with the writings of Marperger and other cameralists. The evidence is limited but suggestive: Of Marperger's pamphlet on the Mississippi scheme, which was published in the imperial financial centers of Frankfurt and Leipzig in at least five editions over the course of 1720, there is no contemporary copy in the Ducal library.[76] In an unsigned commentary on Corr's bank plan written at the end of 1720 or at the beginning of 1721, one of the councilors (very likely Faber) invokes the authority of "a certain author" in condemning "Billet-Banquen" as "a desperate measure best left to the despotic French government".[77] From the context, it is clear that the commentator thinks that "Billet-Banquen" refers to joint-stock banks; in fact, the reference is to banks issuing paper money. The "certain author" was Marperger, but it was the Marperger of ten years earlier, writing in his *Neu eröffnetes Handels-Bericht oder wohlbestelltes Commercien-Collegium*.[78] A standard text on commercial law and practice, based on a 1688 work by Jacques Savary, the *Handels-Bericht* was probably ready at hand in the Braunschweig treasury office as well as in the Ducal library, but it had nothing to say about stock trading.

The same manuscript commentary on Corr's plan, however, refers knowledgeably to the policies of local governments in Holland and Hamburg, which denied foreigners the right to buy shares in new joint-stock enterprises, and also to the failure of the Mississippi scheme. The author cites a recent issue of a Hamburg news-sheet. If the Braunschweig councilors had a lot to learn, it is clear that they kept themselves informed. The Treasury files[79] contain notes on local, regional and global geography (including products of the British Empire to which the new company might give access), enquiries into the dimensions of and income from the local yarn and linen trade, and excerpts from economic

75 Rosenhaft, "'All That Glitters'." On the relationship between cameralism and European global expansion, see Sophus A. Reinert, *Translating Empire: Emulation and the Origins of Political Economy* (Cambridge, Mass.: Harvard University Press, 2011).

76 The copy currently in the holdings of the Herzog August Library in Wolfenbüttel was acquired as part of the library of a Hanoverian aristocratic family in 1993.

77 Anmerckungen bey dem Banco-Project, in NLA WO, 4 Alt 5, Nr. 358.

78 See Paul Jacob Marperger, *Neu eröffnetes Handels-Bericht oder wohlbestelltes Commercien-Collegium* [...] (Hamburg, 1709), 261–262. In this work, Marperger advocated the creation of banks with lending and other facilities, managed by civil society agents and operating on a cash basis.

79 NLA WO, 4 Alt 5, Nr. 358.

literature. On the cover of a folder of historical documents on relations between the English Merchant Adventurers and the Hanse cities, the compiler noted that he had been prompted by his readings in English and German commercial law to copy them out from the archives. He did so in order to understand "what needs to be taken into consideration in deciding about the proposed establishment of an English company in Braunschweig". Notes on the history of banks and banking law are accompanied by the printed prospectus for an imperial bank (not a joint-stock enterprise), set up by Holy Roman Emperor Charles VI in 1715. The Duke and his councilors also received the news about other bubble projects. The files include a printed German pamphlet on the South Sea scheme and one in German and Dutch on joint-stock insurance projects.[80] Printed copies and manuscript extracts from Dutch newspapers carry reports about London bubble companies in 1720 and the 1721 Hessen-Kassel projects, and there are manuscript reports from London about the emerging South Sea scandal and the Harburg lottery – another English project linking a lottery with a development scheme in Germany, which lasted from 1720 to 1723 and about which Hopmann reported personally to the Duke in February 1722.[81]

We thus see the Braunschweig actors poised between acknowledging the value of new projects and looking for ways to assess the risk. This is particularly apparent before the crash of the equity market in London, but, even in its aftermath, they sought to understand their own situation in light of what was going on elsewhere. As late as September 1720, Faber was pointing out in entirely cameralist terms the advantages of the new company, not only for stimulating trade and industry but also for giving the citizens of Braunschweig direct access to English and colonial consumer goods.[82] It is all the more striking, then, that the crash drove them back to a position that was entirely pessimistic. The descriptions in the councilors' report on Corr's bank scheme are particularly dramatic.[83] Expressing unalloyed horror at the very notion of a joint-stock company, they wrote of the:

> pernicious destructiveness, the miserable and ruinous consequences which paper commerce of that kind has really brought with it in France, England and Holland and is still bringing, since while a few have made themselves rich in a short time most have been to-

80 These are in the form of uncut galley sheets and show no signs of having been read.

81 Hopmann to Duke August Wilhelm, 26.2.1722, in NLA WO, 2 Alt 6546, 38–39. On the Harburg lottery, see A.J.G. Cummings, "The Harburgh Company and Its lottery 1716–1723," *Business History* 28 (1986): 1–18.

82 Faber to Duke August Wilhelm, 26.9.1720.

83 Relatio ad Sermum die von dem Engländer Everhard Corr vorgeschlagene Actien Banque in Braunschweig und andere Hazard-negotia betreffend, 20.11.1720, in NLA WO, 2 Alt 6544, 19–26.

> tally ruined so that there is nothing left but breakdown, confusion, desolation, poverty, misfortune, misery and despair, with such deplorable effects on powerful kingdoms and opulent republics that they are bemoaned there as a *flagellum divinum*.

Still more interesting is the way in which they answered the vision of industrial and financial regeneration that was common to both English projects by painting a landscape of ineluctable backwardness. Whereas Corr proposed that various other financial institutions, like assurances, could be rolled out alongside the bank, they commented:

> Insuring ships and cargoes at sea has always been a highly dangerous business [...] and anyway Braunschweig lacks the object of insurance, namely navigation [...] Lending banks are instituted not for profiteers but for the poor[...] and it will be difficult to introduce life annuities here because there are too few unmarried people and people are not familiar with them.

Similarly:

> Anyone who looks to make Braunschweig into a leading commercial center is flattering themselves, because it's completely incomprehensible what kind of merchants might move to the city, expand and flourish, given that there are already more than enough in Holland, Hamburg, Bremen, Lübeck, Leipzig, Nürnberg, Augsburg, Frankfurt am Main.

And finally:

> What might move the English and Dutch to abandon their usual water routes to the Prussian east and make an expensive detour for the sake of a Braunschweig bank? How does the author expect the Silesians, Poles and Prussians, who transport their merchandise by water to Hamburg, Holland, and England, to prefer the overland trek via Braunschweig?

In 1718, the Duke's councilors were thinking with their English partners about ways to compete with Hamburg's confectioners; and, even as the bubble was bursting in London, Corr's joint-stock scheme had its supporters in Braunschweig. By November 1720, anxiety at the prospect of being drawn into a new project whose risky, and indeed disastrous, nature appeared now confirmed seems to have forced the Duke's councilors into a rhetorical stance that rejected all prospects for improvement and hopes for competing with established markets. And, in their reservations, they articulated quite vividly their own conviction of being at a disadvantage in a two-speed Holy Roman Empire.

Conclusion

The terms of the November 1720 report were certainly colored by the urgency of disassociating the court from Corr's project, but the affect they carry seems real, particularly in the light of longer-term developments. The end of Thomas Pindar and Company was not by any means the end of economic projects in London or Braunschweig, let alone in the Holy Roman Empire as a whole. In Braunschweig, in the wake of the squabbles between Potgiesser and Elisabeth Rosenhagen, the council gave Potgiesser sole authority to go on managing the linen manufacture, and Potgiesser (who at some point married Anne Sophie Rosenhagen) remained a respected figure in the city's linen trade for at least another fifteen years.[84] This bespeaks the ducal administration's continued commitment to supporting the local economy. There would be no new experiments for another decade, though, until the accession of Duke Carl I. His long reign (1731–80) was characterized by an exceptionally intensive program of cameralist reforms, among which were the foundation of a highly successful porcelain factory, the introduction of a fire insurance scheme, and the formation in 1765 of a lending (or development) bank.[85] But none of these was a joint-stock enterprise.

Johann Gerhard Hopmann continued to build his career as a diplomat in London, and his projecting did not end with the bubble. In 1727, he presented Prime Minister Robert Walpole with a complicated scheme for funding the planned new bridge between Putney and Fulham.[86] In a letter of 1722, reflecting on his dismissal from the Duke's service, he observed: "Important business like this is never accomplished in haste [...] It's well known how much patience and careful nurture is going into the Ostend business in Vienna."[87] "The Ostend business" was a reference to one of the most ambitious new projects of the day, a trading company that aimed to challenge the English and Dutch in the East Indies and at the same time to revitalize the Holy Roman Empire's inland ports and trading centers. Established on a joint-stock basis in 1722, after several years of testing the competition, the Ostend Company continued to operate profitably until succumbing to political pressure from England in 1727/31.[88] It was a manifestation of the projecting spirit of the bubble years, as well as the global vision

84 NLA WO 4 Alt 5, Nr. 375 and 383; 2 Alt 18320; Burial notice of Anne Sophie Potgiesser née Rosenhagen, *Braunschweigische Anzeigen,* no. 103, December 1746, 2382.

85 Kaufhold, "Wirtschaft," 366–367.

86 Hopmann to Sir Robert Walpole (with scheme), 6.4.1727, in Cambridge University Library, Cholmondeley (Houghton) Papers, Correspondence/1419.

87 Hopmann to Hofrat, 31.7.1722, in NLA WO, 2 Alt 6546, 72–76.

88 Georges-Henri Dumont, *L'Épopée de la compagnie d'Ostende* (Brussels: Le cri, 2000).

and enthusiasm for innovation that fed it all over Europe; it also demonstrates that even the shock of the crash did not bring an end to new projects for improvement.[89] In spite of disappointments and failures, the same can be said for Braunschweig and its bubble companies.

89 Condorelli, *The 1719–20 Stock Euphoria*, 19, reports examples of stock prices in local projects remaining unaffected by the crash in London.